drugs is passed on to consumers; nor there is any proposal to set up a cell for this purpose.

(d) to (f) When Customs duties are reduced on bulk drugs production of related formulations within the country is encouraged. Similarly, when duty concessions are extended for drug intermediates and raw-materials, the manufacture of bulk drugs from more basic stages is encouraged. Thus, duty reductions help basic production.

(g) The prices of drugs are fixed by the administrative Ministry under the Drugs (Price Control) Order, 1987 in consultation with BICP. While fixing the prices of drugs under this order, reduction in Customs duty is taken into account. In the case of drugs, which are not under price control, Govt. keeps a watch on the movement of their prices.

(h) Names of bulk drugs and drug intermediates on which duty was reduced on 19th June, 1992, are listed under notification Nos. 215, 216 and 217/92-Customs. These Notifications have been duly published in the Official Gazette and will be laid on the Table of the House in due course.

**Performance of various sections**

3775. DR. BAPU KALDATE:
SHRIMATI KAMLA SINHA:

Will the Minister of FINANCE be pleased to state:

(a) what is the overall decline/rise in the various sectors of economy during 1991-92 till-date as compared to the year 1990-91; and

(b) what are the reasons identified for the unsatisfactory performance in the sectors which have shown a decline?

THE MINISTRY OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) A Statement is enclosed. (*See* below)

(b) The slowdown in growth of GDP in 1991-92 was mainly the result of difficulties experienced in the real sectors. The decline in agricultural production was attributable to a fall in kharif production because of erratic behaivour of monsoon in the major producing areas. The industrial production was adversely affected by severe import compression and tight credit policy resorted to since 1990-91 due to shortage of foreign exchange and to contain inflationary pressures, respectively. The decline in exports in 1991-92 was mainly due to recessionary conditions in industrialised countries, resticted access to imported inputs and disruption of trade with Rupee Payment Area (RPA).

The faster monetary expansion in 1991-92 was primarily due to larger accretion of foreign exchange assets in sharp contrast to a substantial draw-down in 1990-91. The inflationary situation in 1991-92 was the result of a number of factors, such as, liquidity overthing due to large fiscal deficits in the past; the uneven progress of monsoon generating inflationary expectations; supply-demand imbalances in some sensitive commodities; shortfalls in domestic production and constraints in augmenting domestic supplies through imports due to foreign exchange shortage and increase in administered prices of certain commodities.

**Statement**

*Sectoral Growth Rates—Selected Indicators (per cent change over previous year)*

| Sector/Indicator | 1990-91 | 1991-92 | 1992-93 Latest |
|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| 1. Gross Domestic product at factor cost (1980-81 prices). . . . . | 5·6 | 2·5 Est. | .. |
| 2. Agricultural production . . . . | 2·6 | —2·0 Est. | .. |

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| 3. | Industrial production | 8·5 | —0·1 | 4·1 (April) |
| 4. | Infrastructure industries (index of six infrastructure industries comprising electricity, coal, saleable steel, petroleum products, crude petroleum and cement) | 4·7 | 6·0 | 2·2 (April-May) |
| 5. | Money supply (M3) | 15·1 | 18·5 | 5·8 (Upto June 26, 1992) |
| 6. | Gross fiscal deficit as %of GDP | 8·4 | 6·5 | — |
| 7. | Inflation rate—WPI | 12·1 | 13·6 | 9·3 (25 July, 1992) |
| 8. | BOP—current account deficit as per cent of GDP | 2·8 | 1·1 | — |
| 9. | Exports in $ terms | 9·1 | —1·9 | —4·0 (April-May) |
| 10. | Imports in $ terms | 13·2 | —19·4 | 24·7 (April-May) |
| 11. | Foreign currency assests at the end of the period (Million $) | 2236 | 5644 | 6389 (30 July, 1992) |

**Recessionary conditions in Indian Economy**

3776. SHRI KAMAL MORARKA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact recessionary conditions prevailed in the country during 1991-92 inspite of liberalised policy;

(b) if so, what are the reasons therefor;

(c) whether the same recessionary conditions are likely to continue during the current financial year too; and

(d) if so, what steps are being taken to set right the economy?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) and (b) The recessionary conditions in the economy had begun in the second half of 1990-91, i.e., much before the liberalisation policies were introduced by the present Government. Building up of such conditions, which continued through larger part of the year 1991-92 also, was due to severe import compresion and tight credit policy resorted to in 1990-91 due to shortage of foreign exchange and to contain inflationary pressures, respectively.

(c) and (d) As a result of the policies introduced by the Government, a turnaround in industrial production and revival of the economy from recessionary conditions, are already in evidence. The industrial production has been picking up since February, 1992 and as per latest data available for April 1992, was higher by 4.1 per cent over the corresponding month of last year. The inflation rate has also been falling and as on July, 25, 1992 stood at 9.3 per cent as against 16.7 per cent in the fourth week of August, 1991 and 13.6 per cent in the end of March, 1992.

The package of macroeconomic stabilisation measures and structural adjustments initiated by the Government are expected to put the economy on a path of sustained development in the medium term. The constraints due to import restrictions and a tight credit policy have been considerably relaxed. Other measures taken during the current year are further reduction of fiscal deficit, rationalisation of taxes and duties, introduction of partial convertibility of rupee, reduction in quantitative restrictions on trade,